

State of Nevada
Gaming Control Board

Auditor's Name and Date

CPA MICS Compliance Checklist

SLOTS
On-Line Slot Metering Systems

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's slots operation is in compliance with Slots MICS #121 - #135 that address an on-line slot metering system and/or a cashless wagering system approved by the Board pursuant to Regulation 14 Technical Standard 3. MICS #121 - #135 also apply to licensees that have installed a Board-approved cashless wagering system not meeting the requirements of Regulation 14 Technical Standard 3. For these systems the MICS apply only as they relate to the meter information that can be obtained by the system.

Licensees with a Board-approved cashless wagering system that do not use an on-line slot metering system that is capable of obtaining meter information directly from the slot machines only need to comply with MICS #131(b), #132(a) and #133.

As of 5/22/05, certain licensees, as required by Regulation 6.045, must have installed an "On-Line Slot Metering System" and cashless wagering system, if applicable, that have been approved by the Board pursuant to Regulation 14 Technical Standard 3.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All "no" answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chairman has granted a MICS variation or the question requires a "no" answer for acceptability.
- 3) "(#)" refers to the Minimum Internal Control Standards for Slots, Version 5.

Questions	Yes	No	N/A	Comments, W/P Reference
<u>On-Line Slot Metering Systems</u> Note 1: MICS #'s 121 – 135 apply to licensees that have installed an "On-Line Slot Metering System" and/or cashless wagering system approved by the Board pursuant to Regulation 14 Technical Standard 3. MICS #'s 121 – 135 also apply to licensees that have installed a Board-approved cashless wagering system not meeting the requirements of Regulation 14 Technical Standard 3. For these systems the MICS apply only as they relate to the meter information that can be obtained by the system. (Note before 121)				

Verified per representation
Verified per observation/examination

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Note 2: Licensees with a Board-approved cashless wagering system that do not use an on-line slot metering system that is capable of obtaining meter information directly from the slot machines only need to comply with MICS #'s 131(b), 132(a) and 133. (Note before 121)				
Note 3: As of 5/22/05, certain licensees, as required by Regulation 6.045, must have installed an "On-Line Slot Metering System" and cashless wagering system, if applicable, that have been approved by the Board pursuant to Regulation 14 Technical Standard 3. (Note before 121)				
1. Has the licensee's written system of internal control for on-line slot metering systems been read prior to the completion of this checklist to obtain an understanding of the licensee's use of the on-line slot metering systems?				
2. For licensees that have installed a Board-approved "On-Line Slot Metering System" and/or cashless wagering system, is the system connected, functioning and communicating with the slot machines in obtaining slot machine meter information as follows:				
a) For all slot machines equipped with meters described by the Regulation 14 Technical Standards approved on or after 2/1/04, is all meter information, as applicable to the licensee's operation, transmitted to the system, unless this requirement was waived by the chairman pursuant to Regulation 6.045? (121a)				
b) For slot machines approved before 2/1/04 that are equipped with meters described by the Regulation Technical Standards, is the coin-in, coin drop and bill-in meter information transmitted to the system, unless this requirement has been waived by the chairman pursuant to Regulation 6.045? (121b)				
c) For any slot machines equipped with cashless wagering meters, is the applicable cashless wagering meter information transmitted to the cashless wagering system, unless this requirement has been waived by the chairman? (121c)				

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3. At least monthly is a list prepared and maintained that indicates all slot machines that are not permanently connected to the on-line slot metering system and/or cashless wagering system along with the reason the slot machine is not permanently connected and are slot machines approved before 2/1/04 that are connected to the on-line slot metering system that do not have all of the required meters included separately on this list? (122) Verify by examination.				
4. For on-line slot metering systems that read the specific values indicated on slot machine meters, are all required meters read, recorded and maintained by the on-line slot metering system before and after any slot machine maintenance that involves the clearing or resetting of the meters and is this meter information used when reviewing slot machine performance reports to ensure that the maintenance performed did not improperly affect the meter values recorded in the slot machine performance reports? (123)				
5. Are the required meters for each slot machine read and are the meter amounts recorded and maintained at the time a drop box (coin or currency) is removed in conjunction with a slot drop? (124) Verify by examination.				
6. Are slot machine meters that accumulate wagering account transfers and electronic funds transfers read and are the meter amounts recorded and maintained at the end of the licensee's specified 24-hour accounting period and is this same 24-hour cutoff applied to the cashless wagering system when generating system reports? (125) Verify by examination. Note: As of the date of this checklist, electronic funds transfers are not allowed pursuant to Regulations 14.260 and 14.290. Therefore, this question is only applicable to wagering account transfer meters.				
7. For all slot machines that are not dropped and counted, does the on-line slot metering system read and record the following meters at the end of the licensee's specified 24-hour accounting period: Verify by examination.				
a) "Attendant Paid Meters" (jackpots, cancelled credits, external bonus payouts, and progressive payouts)? (126a)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b) Physical coin-in? (126b)				
c) Physical coin out? (126c)				
d) "Drop Meters" (coin drop, bill-in, voucher in and coupon promotion in)? (126d)				
e) "Electronic Promotion Meters" (cashable in, cashable out, non-cashable in and non-cashable out)? (126e)				
f) "Machine Paid Meters" (external bonus payout and progressive payout)? (126f)				
8. For each 24-hour accounting period, does the accounting department review all meter readings for reasonableness using pre-established parameters? (127)				
9. Prior to the preparation of the metered slot machine performance reports, are meter readings which do not appear reasonable reviewed with slot department employees, are exceptions documented so that any necessary repairs can be made and errors corrected and are the final metered slot machine performance reports reviewed to ensure that the correct meter amounts have been recorded? (128) Verify by examination.				
10. Are meter reading amounts only altered to correct amounts for readings that were determined to be unreasonable and when correcting such meter amounts is the correct amount indicated in the appropriate on-line slot metering system report? (129)				
Testing is required for Questions 11 - 15, as applicable. Select on-line slot metering system reports for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.				
11. Are the following slot machine performance reports, as applicable, produced and maintained for each day for slot machines that have not been dropped (hard or soft):				
a) Meter attendant paid jackpots, cancelled credits, progressive payouts and external bonus payouts (in total) vs. actual attendant paid jackpots, cancelled credits, progressive payouts and external bonus payouts (in total)? (130a)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b) Meter fills vs. actual fills? (130b) Note: Regulation 14 Technical Standard 3 "Integrity of and Proper Accounting for On-Line Slot Systems" defines meter fills as "meter physical coin in" minus "meter physical coin out" minus "meter coin drop". (130b)				
c) Meter machine paid and attendant paid external bonus payouts vs. external bonusing system machine paid and attendant paid external bonus payouts? (130c)				
d) Gaming device meter wagering account transfer (WAT) in vs. system wagering account transfer (WAT) in? (130d)				
e) Gaming device meter wagering account transfer (WAT) out vs. system wagering account transfer (WAT) out? (130e)				
f) Gaming device meter electronic funds transfer (EFT) in vs. system electronic funds transfer (EFT) in? (130f)			X	As of the date of this checklist, EFT's are not allowed pursuant to Regulations 14.260 and 14.290.
g) Gaming device meter cashable electronic promotion in vs. system cashable electronic promotion in? (130g)				
h) Gaming device meter cashable electronic promotion out vs. system cashable electronic promotion out? (130h)				
i) Gaming device meter non-cashable electronic promotion in vs. system non-cashable electronic promotion in? (130i)				
j) Gaming device meter non-cashable electronic promotion out vs. system non-cashable electronic promotion out? (130j)				
k) Meter voucher out vs. system voucher and payout receipt forms issued? (130k)				
l) Gaming device meter coupon promotion out vs. system coupon promotion out forms issued? (130l)				
12. In addition to the slot machine performance reports under MICS #130, are the following reports produced and maintained for each drop (hard or soft) date, by machine and in total:				
a) Meter drop vs. actual drop for each drop type (e.g., coin and bills)? (131a)				

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Questions	Yes	No	N/A	Comments, W/P Reference
b) System wagering instruments accepted vs. wagering instruments counted in the count room (e.g., vouchers and coupons)? (131b)				
c) Meter win vs. actual taxable win? (131c) Note: Regulation 14 Technical Standard 3 "Integrity of and Proper Accounting for On-Line Slot Systems" defines metered win as "meter coin in" minus "meter coin out" minus "meter machine paid progressive payout" minus "meter machine paid external bonus payout" minus "total of meters accumulating attendant payouts" (excluding attendant paid cancelled credits). (131c)				
d) Gaming device meter voucher in vs. system voucher in forms accepted? (131d)				
e) Gaming device meter coupon promotion in vs. system coupon promotion in forms accepted? (131e)				
13. Are variances, by slot machine, noted in the reports required by MICS #130 and #131 that are in excess of the following parameters, reviewed by the accounting department:				
a) Variances in excess of one percent or \$100, whichever amount is greater, for each drop type (coin, bills, vouchers and coupons)? (132a)				
b) Variances in excess of one percent or \$100, whichever amount is greater, for the total of attendant payouts? (132b)				
c) Variances in excess of one standard hopper fill dollar amount for fills? (132c)				
d) Variances in excess of one percent or \$100, whichever amount is greater, for win? (132d)				

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<p>e) Any variance noted between gaming device meters and system meters for wagering account transfers (WAT) in and out, electronic funds transfer (EFT) in, cashable electronic promotion in and out, non-cashable electronic promotion in and out, external bonus payouts, vouchers out and coupon promotion out? (132e)</p> <p>Note: As of the date of this checklist, electronic funds transfers are not allowed pursuant to Regulation 14.260 and 14.290. Therefore, this standard is only applicable to the other meters mentioned in this standard.</p>				
<p>14. Are the results of the variance investigation, including the date of and personnel involved in the investigations, documented in the appropriate report and retained, do the results also include any corrective action taken (e.g., meter replaced, interface component repaired, software debugged, etc.), and is the investigation completed and results documented within seven days of the day the variance was noted? (133)</p>				
<p>15. Relating to the investigations mentioned in the previous question, for material attendant payout variances noted in MICS #130(a), does the investigation include a review of the daily progressive payoff dollar amounts recorded pursuant to Regulation 5.110 if the variance is due to a progressive jackpot payout and does it include a review of the report of payouts from the operator of the wide-area progressive system if the variance is due to a wide-area progressive payout? (133, Note)</p> <p>Note: These procedures are required because attendant payout variances may be caused by progressive jackpot and wide-area progressive payouts not being recorded on the gaming device attendant paid progressive payout meter because the meter may not have the capability to obtain the dollar amount of the progressive displayed on the sign. (133, Note)</p>				
<p>16. Are exception reports reviewed on a daily basis for propriety of transactions and unusual occurrences? (134)</p>				
<p>17. At least monthly, do accounting/audit supervisory personnel confirm that the appropriate investigation has been completed for the above review of variances? (135)</p>				

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<u>Written System of Internal Control</u>				
18. Has the licensee's written system of internal control for on-line slot metering systems been re-read prior to responding to the following question?				
19. Does the written system of internal control for on-line slot metering systems reflect the actual control procedures in effect for compliance with the MICS, variations from the minimum internal control standards approved pursuant to Regulation 6.090(8), and Regulation 14 associated equipment approvals?				

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